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SUBJECT: AMBASSADOR AND ENVIRONMENT MINISTER DISCUSS U.S.-CHILE
CLEAN ENERGY COOPERATION

REF: (A) 08 SANTIAGO 1096; (B) 08 SANTIAGO 1087; (C) 08 SANTIAGO
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¶1. (SBU) Summary: In a January 21 meeting, Environment Minister Ana Lya Uriarte and Ambassador Simons discussed the timing of the formation of the Ministry of Environment, priorities for Chile's National Action Plan on Climate Change and the Minister's specific interest in collaboration on technical capacity building. Minister Uriarte noted that the environment, particularly climate change, is a key issue for Chile's current administration and noted the need to conserve water resources and increase energy efficiency in specific sectors, particularly agriculture and mining. She is optimistic that Chile will pass the law needed to create a Ministry of Environment by June and the ministry will be formed by the end of ¶2009. End Summary.

¶2. (U) Ambassador Simons met July 21 with Minister of Environment Ana Lye Uriarte and her advisor, Raul Campusano, Head of the Department of International Affairs in the Executive Directorate of the National Environmental Commission (CONAMA) and a note taker. ESTH officer accompanied the Ambassador.

Chile Focused on Environment-Energy Nexus

¶3. (SBU) The Ambassador opened the meeting by mentioning the new U.S. administration's concern with climate change and its interest in collaborating with Latin American countries on alternative and renewable energy. Minister Uriarte responded positively, citing Chile's new National Action Plan on Climate Change (ref a) and noting interest in water issues, including creating a water investigation center in Atacama in the north and the construction of a desalinization plant in Arica. She emphasized that energy is a key issue for the environment and gave the examples of a renewable energy center, cooperation with Germany on renewable energy projects (ref b), and Chile-California cooperation.

¶4. (SBU) Uriarte emphasized Chile's focus on energy efficiency. She said they would like to target specific sectors to improve, e.g., mining and agriculture. She noted that water use is not generally considered in evaluating the environmental impact of agricultural projects. In discussing hydroelectric power generation, Uriarte highlighted the need to implement best practices, but recognized that Chile lacks sufficient technical capacity to do so. She emphasized interest in energy generation by smaller producers (less than 3MW) and direct discussions with cities and municipalities on this issue. COMMENT: It is possible that the concentration on smaller generators is because the Ministry of Energy will not relinquish authority for regulating larger generators. END COMMENT.

¶5. (SBU) According to meeting participants, Chile's potential for using solar energy in the north is of continued interest. The

Ambassador noted President Obama's choice of Steven Chu for Energy Secretary was a good connection for Chile given Chu's experience at Lawrence Berkeley Laboratory, which has developed close relations with Chile under the new Chile-California partnership.

Innovative Plan to Improve Air Quality in Santiago

¶16. (SBU) The Ambassador mentioned the Embassy's efforts to support work on improving indoor and outdoor air quality in Santiago. The Minister suggested that the economic crisis and declining gas prices have negatively impacted investment in green technologies. They discussed the large investment necessary to reduce sulfur emissions from diesel. Uriarte acknowledged the need to continue to retrofit diesel transit buses with filters (ref c), but complained that additional government funding was only a remote possibility. She outlined an alternative mechanism that would request that projects producing particulate pollution to offset their emissions with the purchase of filters for the buses. This would be a voluntary program, and it is still in the formative stages. Uriarte recognized both the benefits of public-private partnerships and the need to outline economic and environmental benefits to encourage participation. She acknowledged this type of program is only a partial solution to Santiago's air pollution and expressed strong interest in learning about other voluntary mechanisms to address the situation.

¶17. (SBU) Uriarte identified indoor air pollution from paraffin stoves as an even greater health risk than outdoor air pollution. She said that Chile's national petroleum company, ENAP, needs to invest in cleaner fuels for indoor use but did not provide a proposed standard or details of any plan to do so.

New Ministry of Environment by December 2009

¶18. (SBU) When asked about the status of new Ministry of Environment, Uriarte joked that she is working on nothing else. She predicted it would likely be passed into law this coming June and all the necessary institutions for the ministry would be in place by December (ref c).

COMMENT: Perfect Time to Include Chile in Policy Evolution

¶19. (SBU) Comment: It is clear from this exchange that Chile views the advent of a new U.S. administration as an opportunity to increase cooperation on environmental and renewable energy issues. Chile has a particular interest in capacity building in order to implement innovative policies and technologies, and has expressed a keen desire to improve water usage, promote energy efficiency, and voluntary measures to improve air quality, and increase the use of solar energy. Post strongly recommends that Chile be included as a willing partner in the discussions of opportunities to engage Latin America on the environment, including climate change, and energy issues. End comment.

SIMONS